

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION AT DAYTON**

In re: Tagnetics, Inc.

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* Case No. 19-30822
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* Judge Humphrey
* Chapter 7

STATUS REPORT

Alleged Debtor Tagnetics, Inc. (“Tagnetics”), submits this Status Report pursuant to the Court’s Order dated August 7, 2019, in which the Court ordered the parties to file one or more Status Reports in the event that the parties are unable to execute the settlement agreement they had reached and dismiss this case. In providing the Court with this Status Report, Tagnetics states as follows:

1. Tagnetics provided a draft of the settlement agreement to Kenneth Kayser, Ronald Earley, and Jonathan Hager (the “Remaining Petitioning Creditors”) by August 14, 2019, as the Court required in its August 7, 2019 Order.

2. In subsequent email exchanges between the parties, it appears that the Remaining Petitioning Creditors are seeking to alter terms of the agreement that were set forth in the parties’ term sheet, which was set forth in emails exchanged on July 26, 2019.

3. To this end, the emails exchanged on July 26, 2019 set forth a specific payment schedule, included the phrase “[f]ull mutual releases (no carve outs)[,]” a commitment for the Remaining Petitioning Creditors to dismiss/withdraw their claims within one day of receiving the initial payment under the payment schedule, and other terms that do not appear to be relevant for purposes of this Status Report. The Remaining Petitioning Creditors, however, are seeking carve

outs to the full mutual releases and insist that additional payments beyond those included in the payment schedule be made by Tagnetics. In addition, the Remaining Petitioning Creditors desire to dismiss this case, without prejudice.

4. There are other terms that the Remaining Petitioning Creditors have identified in email exchanges regarding the draft settlement agreement, some of which are not addressed in the term sheet. While Tagnetics believes it can justifiably refuse to accept these other requests because they are outside the parameters of the term sheet, Tagnetics is willing to consider these other terms, but it has not taken a position with respect to these other terms while the other issues remain unresolved, as Tagnetics believes the terms sought by the Remaining Petitioning Creditors as described in Paragraph 3 above (which can be explained in greater detail if/when a motion is filed) clearly conflict with the terms of the agreement the parties reached. Tagnetics is willing to engage in discussions regarding the other terms sought by the Remaining Petitioning Creditors that are not addressed in the term sheet after matters that are specifically addressed in the term sheet are resolved.

Respectfully submitted,

/s/ Stephen B. Stern

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*Counsel for Alleged Debtor
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/s/ Robert R. Kracht

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*Counsel for Alleged Debtor
Tagnetics, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that on August 21, 2019, a copy of the foregoing *Status Report* was served (i) **electronically** on the date of filing through the Court's ECF System on all ECF participants registered in this case at the email address registered with the court and (ii) electronically by email on counsel for Tagnetics, Inc., Stephen Stern, Esq. (Stern@kaganstern.com), Douglas Draper, Esq. (ddraper@hellerdraper.com) and Leslie Collins, Esq. (lcollins@hellerdraper.com), and (iii) by **ordinary U.S. Mail** on August 21, 2019 addressed to:

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